

**BEFORE THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA**

**DOCKET NO. 2022-89-G**

In the Matter of	)	
	)	
Application of Piedmont Natural Gas	)	<b>APPLICATION</b>
Company, Inc. for an Adjustment of Rates	)	
and Charges	)	
	)	

Piedmont Natural Gas Company, Inc. (“Piedmont” or the “Company”), through counsel and pursuant to S.C. Code Ann. § 58-5-240 (2021) and Section 103-823(A)(3) of the South Carolina Code of Regulations, hereby respectfully requests that the Public Service Commission of South Carolina ( “Commission”) approve each of the following proposals described further herein and supported by the testimony of Company witnesses filed concurrent herewith: (i) a general increase in and revisions to the rates and charges for customers served by the Company; (ii) a continuation of Piedmont’s operation under the Rate Stabilization Act (“RSA”) from the effective date of rates established in this proceeding and going forward, as provided in S.C. Code Ann. § 58-5-415; (iii) continued regulatory asset treatment for certain incremental environmental cleanup and remediation operations and maintenance (“O&M”) expenses; (iv) continued utilization of the depreciation rates for the Company’s South Carolina and joint property assets approved in the Company’s most recent RSA proceeding based upon a 2018 depreciation study performed by outside consultants for the Company; (v) revised and updated amortizations and recovery of certain deferred expenses accrued since Piedmont’s last general rate case proceeding; and (vi) other updates and revisions to Piedmont’s tariffs, comprised of its Rate Schedules and Service Regulations.

The relief requested herein, among other things, is designed to update the Company's rates, charges, and tariffs in conformance with the Company's additional investment of capital to expand its gas distribution system to better serve its current and future customers and to comply with federal pipeline safety and integrity requirements and for changes to the Company's capital structure and operating expenses. Piedmont's present rates as well as the revised rates Piedmont proposes to implement in this proceeding are set forth on Appendix I, Schedule 1 to this Application.<sup>1</sup> In support of this Application and all of the relief sought by Piedmont in this docket, the Company respectfully shows the following:

**I.**

**Notices and Other Communications**

The names and addresses of the persons to whom any notices or other communications with respect to this Application are to be sent are as follows:

T. Richmond McPherson III  
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and

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<sup>1</sup> This Application is also made in compliance with paragraph 6 of the Settlement Agreement between Piedmont and the Office of Regulatory Staff ("ORS"), as filed on September 12, 2019 and approved by the Commission in Docket No. 2019-7-G.

Brian S. Heslin  
Deputy General Counsel  
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## II.

### **Description of Applicant**

Piedmont is a subsidiary of Duke Energy Corporation and is engaged in the business of transporting, distributing, and selling natural gas in the states of South Carolina, North Carolina, and Tennessee. Piedmont is a public utility under the laws of this State, and its public utility operations in South Carolina are subject to the jurisdiction of this Commission. The Commission has previously granted Piedmont Certificates of Public Convenience and Necessity authorizing it to acquire certain gas franchises and properties in the State of South Carolina. Piedmont currently provides natural gas service to approximately 157,000 customers in South Carolina.

## III.

### **Additions to Natural Gas Facilities for Expansion and in Compliance with Federal Pipeline Safety and Integrity Requirements**

In order to make natural gas service available to as many citizens within its certificated service area as feasible, Piedmont has been continuously adding customers and making capital investments in various system growth projects, including reinforcement of existing transmission facilities. In addition to capital investments prompted by system growth, Piedmont has also made substantial capital investments (and is continuing to make such investments) in projects designed to enable the Company to comply with federal pipeline safety and integrity management requirements. The capital

investments in integrity management related projects have been included in the base rates adjustments for Piedmont approved pursuant to the operation of the RSA, along with normal system growth. The last base rate adjustment pursuant to the RSA became effective in November 2021, based on Piedmont's actual capital investments through March 31, 2021. Since that time, Piedmont has invested approximately \$58 million in additional capital largely for system growth and integrity management compliance. None of these amounts are currently reflected in Piedmont's base rates. This rate case filing seeks to include in Piedmont's base rates all such prudent capital invested since April 1, 2021.

#### IV.

##### **Test Period**

This Application is based on actual operating experiences for the twelve-month period ended December 31, 2021. Certain normalizing and annualizing adjustments have been made to the test period as permitted by South Carolina law.

#### V.

##### **Reasons Supporting a General Rate Increase**

As shown in Appendix I, Schedule 4, filed with this Application, the Company's *pro forma* overall rate of return as of December 31, 2021, is 5.83% and its *pro forma* return on common equity is only 7.29%. This *pro forma* level of return on common equity is significantly lower than the 9.80% return on common equity currently authorized for the Company and will not permit the Company to compete for debt and equity capital on reasonable terms, and, therefore, will not enable the Company to continue to invest in new plant, add new customers, and provide adequate, safe, and reliable service to existing

customers. If the Company is to maintain its facilities and services in accordance with the reasonable requirements of its customers and the requirements of the Pipeline and Hazardous Material Safety Administration (“PHMSA”), compete for capital on terms that are reasonable and fair to customers and to investors, and produce a fair return for stockholders, it must be granted general rate relief. These and other reasons supporting Piedmont’s request for general rate relief are explained in the concurrently filed testimonies and exhibits of Piedmont witnesses Weintraub, Weisker, Bauer, Powers, Couzens, Bowman, and Coyne.

## **VI.**

### **Effective Date of General Rate Increase**

The Company proposes to make the rates set forth in Appendix I hereto effective as soon as permitted by law and within the time provided for the resolution of this proceeding under S.C. Code Ann. § 58-5-240.

## **VII.**

### **Election to Continue Application of RSA to Piedmont’s Rates and Charges**

Piedmont hereby gives notice to the Commission of its election, made pursuant to S.C. Code Ann. §58-5-415, to continue to have the terms of the RSA apply to Piedmont’s rate and charges from the effective date of rates hereunder going forward.

## **VIII.**

### **Exhibits and Schedules**

The Company is filing with this Application: (1) the direct testimony and exhibits that will be relied upon by Piedmont at the hearing of this Docket; and (2) further information relative to Piedmont’s Application as follows:

Appendix I, Schedule 1: Piedmont's present rates and charges now on file with and approved by the Commission and Piedmont's proposed new rates and charges.

Appendix I, Schedule 2: Computation showing the proposed rate increase. This Schedule 2 appears as Page 1 of Exhibit \_\_ (QPB-7) to the Direct Testimony of Company witness Bowman.

Appendix I, Schedule 3: A profit and loss statement as of December 31, 2021. This Schedule 3 appears as Page 1 of Exhibit \_\_ (QPB-8) to the Direct Testimony of Company witness Bowman.

Appendix I, Schedule 4: A statement of (1) accounting and pro forma adjustments, (2) rates of return on original cost rate base and (3) return on common equity, for the twelve months ended December 31, 2021. This Schedule 4 appears as Exhibit \_\_ (QPB-7) to the Direct Testimony of Company witness Bowman.

Appendix I, Schedule 5: A statement of fixed assets and depreciation reserve. This Schedule 3 appears as Exhibits \_\_ (QPB-2) and \_\_ (QPB-3) to the Direct Testimony of Company witness Bowman.

Appendix I, Schedule 6: A Balance Sheet as of December 31, 2021. This Schedule appears as Page 2 of Exhibit \_\_ (QPB-8) to the Direct Testimony of Company witness Bowman.

Appendix I, Schedule 7: A copy of all proposed revisions to Piedmont's rates and charges sheet, tariffs, and rate schedules. This Schedule appears as Exhibit \_\_ (PKP-1), Exhibit \_\_ (PKP-2), and Exhibit \_\_ (PKP-3) to the Direct Testimony of Company witness Powers.

## **IX.**

### **Utilization of Existing Depreciation Rates**

For purposes of this proceeding, Piedmont seeks to continue to utilize the depreciation rates currently in effect. These depreciation rates were approved by the Commission for Piedmont in the base rates established in Docket Nos. 2021-7-G, 2020-7-G, and 2019-7-G. These depreciation rates are based on a 2018 depreciation study conducted for the Company by outside experts, to amortize the costs of assets, net of salvage value, over the estimated useful life of the assets. Piedmont filed this depreciation study with the Commission on June 2, 2019 in Docket No. 2019-191-G. The depreciation rates and reallocation of book reserves presented in the study were approved by the Commission pursuant to its August 4, 2019 Order (Order No. 2019-573), authorizing the Company to implement them effective November 1, 2019. These depreciation rates are sufficiently fresh that they do not require updating in this case. Utilization of these rates will allow Piedmont to continue to properly align the Company's recovery of its invested capital with the useful life of its underlying physical plant.

## **X.**

### **Changes in Rate Schedules, Service Regulations, and Classifications**

Piedmont proposes to implement new rates as reflected on Appendix I, Schedule 1 attached hereto. Piedmont's proposed rate changes are discussed in the testimonies of Piedmont witnesses Pia Powers and Kally Couzens. Piedmont also proposes to make certain changes to its Rate Schedules and Service Regulations largely designed to clean up administrative inconsistencies and outdated references in these tariffs. These proposed changes to Piedmont's Rate Schedules and Service Regulations are discussed in the

testimony of Piedmont witness Pia Powers and reflected in Appendix I, Schedule 7.

## **XI.**

### **Amortization and Collection of Unamortized Regulatory Asset Balances**

Piedmont seeks amortization and collection of certain expenses that have been deferred pursuant to prior Commission order. These costs, proposed amortizations and recovery are discussed in the testimony of Piedmont witness Quynh Bowman.

## **XII.**

### **Intent to Update**

This Application and the testimony and exhibits of witnesses contain information that is now known to the Company and upon which the Company will rely to support this request. However, the Company plans to offer at or prior to hearing such additional relevant, material, and competent evidence as may be permitted by South Carolina law as to the Company's costs, revenues, volumes, rate base, return or any other matter relevant to the Commission's determination of the matters raised herein.

**WHEREFORE**, the Company respectfully requests that the Commission grant a general increase in Piedmont's rates and charges for natural gas services; approve the proposed rates set forth in Appendix I, Schedule 1 hereto; adopt the depreciation rates for Piedmont underlying the approved rates in Piedmont's last RSA proceeding; approve the changes in rate design, costs, revenues, rate base, cost allocation, rate schedules, service regulations, classifications and practices requested herein; amortize and permit recovery by Piedmont (or a return to customers) of certain deferred environmental costs; acknowledge Piedmont's election to continue to have the provisions of the RSA applicable to its rates and charges following the effective date of rates in this rate case;



and grant all other relief requested herein and addressed in the testimony of Piedmont's witnesses filed concurrently herewith. The Company further requests that the Commission grant a waiver of any of the Commission's Rules and Regulations as may be necessary or appropriate to provide the Company with the relief requested in this Application.

This the 1st day of April, 2022.

**PIEDMONT NATURAL GAS COMPANY, INC.**

/s/ T. Richmond McPherson III

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/s/ Brian S. Heslin

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**CERTIFICATE OF SERVICE**

The undersigned hereby certifies that a copy of the attached is being served this date upon all of the parties to this docket electronically or by depositing a copy of the same in the United States Mail, First Class Postage Prepaid, at the addresses contained in the official service list in this proceeding.

This the 1st day of April, 2022.


/s/ Richard K. Goley  
Richard K. Goley

STATE OF NORTH CAROLINA

**VERIFICATION**

COUNTY OF MECKLENBURG

Bruce Barkley, being duly sworn, deposes and says that he is Vice President – Rates and Natural Gas Supply of Piedmont Natural Gas Company, Inc., that as such, he has read the foregoing and knows the contents thereof; and he believes that the facts set forth therein are true and correct.

  
\_\_\_\_\_  
Bruce Barkley

Mecklenburg County, North Carolina  
Signed and sworn to before me this day by Bruce Barkley

Date: 04/01/2022

  
\_\_\_\_\_  
Notary Public

(Official Seal)

My commission expires: 09-25-2022



# **APPENDIX I**

## **Schedule 1**

**Piedmont Natural Gas Company, Inc.**  
**Docket No. 2022-89-G**  
**Comparison of Present and Proposed Rates**

<b>Rate Schedule</b>	<b>Present Total Revenue Rates <sup>1</sup></b>	<b>Proposed Total Revenue Rates</b>
<b>201 - Residential Service</b>		
Winter Monthly Charge	10.00	10.00
Summer Monthly Charge	8.00	8.00
Winter per DT	11.3558	12.1874
Summer per DT	10.7145	11.4343
<b>202- Small General Service</b>		
Monthly Charge	22.00	22.00
Winter per DT	9.9575	10.1437
Summer per DT	9.8022	9.9747
<b>252- Medium General Service</b>		
Monthly Charge	75.00	75.00
Winter per DT	9.6331	9.4157
Summer per DT	9.4778	9.2604
<b>242 - Natural Gas Vehicle Fuel - Company Stations</b>		
Winter per DT	8.3125	8.8538
Summer per DT	8.3125	8.8538
Compression Charge per DT (maximum rate)	5.0000	5.0000
<b>243- Experimental Motor Vehicle Fuel</b>		
Monthly Charge	Monthly charge is reflected on corresponding rate schedule	
Winter per DT	Volumetric charge is reflected on corresponding rate schedule	
Summer per DT	Volumetric charge is reflected on corresponding rate schedule	
Compression Charge per DT (maximum rate)	5.0000	5.0000
<b>203 - Large General Sales Service</b>		
Monthly Charge	250.00	250.00
Demand Charge per DT	12.0000	12.5000
Winter - First 1,500 per DT	6.5777	6.4692
Winter - Next 1,500 per DT	5.9206	5.8747
Winter - Next 7,500 per DT	5.4143	5.4701
Winter - Next 16,500 per DT	5.0179	4.9904
Winter - Next 33,000 per DT	4.4065	4.4107
Winter - Over 60,000 per DT	4.1208	4.2708
Summer - First 1,500 per DT	5.8349	5.7098
Summer - Next 1,500 per DT	5.3636	5.3052
Summer - Next 7,500 per DT	5.0429	5.0904
Summer - Next 16,500 per DT	4.8322	4.8005
Summer - Next 33,000 per DT	4.4065	4.4065
Summer - Over 60,000 per DT	4.1208	4.2708
<b>204 - Interruptible Sales Service</b>		
Monthly Charge	250.00	250.00
Winter - First 1,500 per DT	6.8077	6.5777
Winter - Next 1,500 per DT	6.1606	5.9706
Winter - Next 7,500 per DT	5.6793	5.5643
Winter - Next 16,500 per DT	5.2079	5.1679
Winter - Next 33,000 per DT	4.6365	4.5765
Winter - Over 60,000 per DT	4.3508	4.4708
Summer - First 1,500 per DT	6.0649	5.8349
Summer - Next 1,500 per DT	5.6036	5.4136
Summer - Next 7,500 per DT	5.3079	5.1929
Summer - Next 16,500 per DT	5.0222	4.9822
Summer - Next 33,000 per DT	4.6365	4.5765
Summer - Over 60,000 per DT	4.3508	4.4708

**Piedmont Natural Gas Company, Inc.**  
**Docket No. 2022-89-G**  
**Comparison of Present and Proposed Rates**

<b>Rate Schedule</b>	<b>Present Total Revenue Rates <sup>1</sup></b>	<b>Proposed Total Revenue Rates</b>
<b>213 - Large General Transportation Service</b>		
Monthly Charge	250.00	250.00
Standby Demand Charge per DT	4.5000	<i>eliminated</i>
Demand Charge per DT	8.4000	8.4000
Winter - First 1,500 per DT	2.2677	2.2192
Winter - Next 1,500 per DT	1.5806	1.5497
Winter - Next 7,500 per DT	1.1183	1.1201
Winter - Next 16,500 per DT	0.7169	0.7304
Winter - Next 33,000 per DT	0.3365	0.3407
Winter - Over 60,000 per DT	0.1208	0.2708
Summer - First 1,500 per DT	1.5249	1.4598
Summer - Next 1,500 per DT	1.0236	0.9802
Summer - Next 7,500 per DT	0.7469	0.7404
Summer - Next 16,500 per DT	0.5312	0.5405
Summer - Next 33,000 per DT	0.3365	0.3365
Summer - Over 60,000 per DT	0.1208	0.2708
<b>214 - Interruptible Transportation Service</b>		
Monthly Charge	250.00	250.00
Winter - First 1,500 per DT	2.4277	2.2777
Winter - Next 1,500 per DT	1.7276	1.6226
Winter - Next 7,500 per DT	1.2993	1.1993
Winter - Next 16,500 per DT	0.7658	0.7279
Winter - Next 33,000 per DT	0.3735	0.3565
Winter - Over 60,000 per DT	0.1208	0.2708
Summer - First 1,500 per DT	1.6849	1.5349
Summer - Next 1,500 per DT	1.1706	1.0656
Summer - Next 7,500 per DT	0.9279	0.8279
Summer - Next 16,500 per DT	0.5801	0.5422
Summer - Next 33,000 per DT	0.3735	0.3565
Summer - Over 60,000 per DT	0.1208	0.2708
<b>205 - Outdoor Gaslight Service</b>		
Per Fixture Charge	15.00	15.77
<b>206 - Schedule For Limiting and Curtailing</b>		
Emergency Gas per DT	10.0000	10.0000
Unauthorized Gas per DT	25.0000	25.0000
<b>Reconnect Fees</b>		
<u>Residential</u>		
February Through August	40.00	40.00
September Through January	60.00	60.00
<b>Returned Check Charge</b>		
Returned Check Charge	25.00	25.00

1/ Piedmont's present authorized billing rates as shown in the Rates and Charges (Version 43) on the Public Service Commission of South Carolina eTariff System.

**Appendix I**  
**Schedules 2 – 7 are included**  
**as exhibits to Piedmont**  
**witnesses Bowman and**  
**Powers**